

Commonwealth of Massachusetts
Department of Telecommunications and Energy
Fitchburg Gas and Electric Light Company
Docket Nos. D.T.E. 02-24 and D.T.E. 02-25
Responses to the Department's First Set of Information Requests

Request No. DTE 1-3:

Refer to Exh. FGE - Schedule JHA-1 (Gas) at 40 of 56. Please provide a complete explanation of the "engineering judgement" used to (1) propose an average service life of 65 years for Account 367.00, and (2) an average service life of 45 years for Account 380.00.

Response:

- (1) The retirement history of Account 367.00 reflected in the current SPR-BAL analyses is not representative of current and future retirements. The Company is in about year 20 of a 70 (or more) year program of replacing cast iron mains and in that regard, the current depreciation study data base shows that the volume of retirements has been on the increase. In the 1971 to 1980 period the retirements were \$45.5K; 1981 to 1990, \$36.5K; and 1991 to 2000, \$370.8K. This means that retirements should be higher in subsequent years; therefore SPR-BAL life analyses in future years should show lower average lives. That is, we do not believe the SPR-BAL analyses of history to be predictive of the future. It is our opinion the 65-year estimate used in the currently authorized accrual rate will be borne out and possibly proven to be too high.
- (2) The average annual additions and retirements of Account 380.00 have increased significantly and parallel those of mains. The average retirements per year for specific periods of time are as follows: 1991 to 2000, \$14.3K; 1981 to 1990, \$5.5K; 1971 to 1980, \$3.4K. The proposed 45-year average service is supported by the life analyses, in fact, the average lives of ranks 1 to 5 in all three bands analyzed are 42 to 45 years. Our experience-based engineering judgment is that the 42 to 45 average life indications are typical and within reason for gas services.

Person Responsible: James H. Aikman